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### Executive Summary

The Statewide Accounting, Budgeting and Human Resource System (SABHRS) is a commercial software application developed by PeopleSoft and is the state of Montana's system for managing budget development, and financial and human resource information. SABHRS is used by all state agencies to account for and report the use and disposition of all public money and property in accordance with state law. The SABHRS Human Resource Management System (HRMS) and Financial applications were updated to the web-based version 8 in September 2003 and March 2004, respectively.

SABHRS supports the core administrative processes used by all state agencies to account for and record financial and human resource data. The Legislative Audit Division, Information Systems audit team examines selected SABHRS controls and operations each year. The current audit scope is based on specific control testing requested by Legislative Audit Division financial-compliance staff and specific general control testing relating to the environment within which the SABHRS application is developed, maintained, and operated. We performed audit work to meet two objectives: 1) to provide assurance over key SABHRS application controls identified by financial-compliance audit staff, and 2) to evaluate the general controls environment where the SABHRS application resides.

To meet our objectives, we conducted both application and general control testing. General controls represent the foundation for security over SABHRS while application controls are the financial and HRMS controls defined for each business process. Application controls guard the SABHRS Finance and HRMS applications from inadvertent or intentional misuse and ensure data is valid, properly authorized, completely and accurately processed, and available for use. Application controls are divided logically and physically into three separate sub applications: SABHRS Financials, SABHRS Human Resources Management System (HRMS), and the Montana Budget Analysis and Reporting System (MBARS). We did not include MBARS in our audit scope. MBARS is the system used to develop the budget, while the actual financial activity is accounted

for on the SABHRS Financials system, not MBARS. Through interview, review, and observation, we evaluated whether data and system processing access is controlled, whether processing is controlled to allow valid data to process while capturing invalid data, and whether system payroll tables contain data consistent with state and federal criteria.

General controls represent the controls present in the environment surrounding the application and prevent an individual from bypassing application controls and directly accessing or changing agency data. Through interview and review, we evaluated physical and environmental controls, database and application access security, application change control procedures, and operating system maintenance.

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## **Conclusion**

Based on the audit work conducted over the SABHRS application and general controls environment, we identified areas where the Department of Administration can strengthen controls. This report contains six recommendations addressing the ability to overwrite stored data, the presence of PeopleSoft provided user accounts and access privileges to vendor information, application code, SABHRS development and process tools, and hardware.

In addition to this report, we provided a technical memorandum to Legislative Audit staff providing results of key SABHRS application control testing for consideration during financial audits.